

(Washington, DC) – Today, Congressman Tim Ryan (OH-17) introduced a bill that would expand funding through the Department of Commerce’s Economic Development Administration (EDA) to include grants for operations and support services. Currently, EDA funds only construction and/or renovation projects.

The Business Incubator Promotion Act bill provides for an independent EDA funding stream that will provide competitive grant funding up to \$750,000 for feasibility studies and plans, and up to \$3 million for implementation. Successful projects will be chosen according to criteria including:

- Projected number of jobs created for each of the first six years after grant receipt;
- Creation/Expansion of business incubator within first five years after grant receipt;
- Types of businesses and research entities expected in the business incubator and surrounding community; and
- Capability to attract a well-trained workforce to the business incubator.

“By fostering entrepreneurship through the establishment and expansion of local business incubators, we are seeking to position today’s distressed communities as tomorrow’s centers of innovation and research,” stated Congressman Ryan. **“Cities like Youngstown, Warren, and Akron can benefit directly from this bill, which will provide them with the opportunity to invest the resources required to build a new, sustainable economy – making them competitive on regional, national, and global levels.”**

“The key to successful incubation is to provide technical assistance and access to entrepreneurial resources to help new companies succeed,” said Julie Michael Smith,

Chief Development Officer of the Youngstown Business Incubator.

“This proposed legislation would remove a significant barrier to valuable EDA funding which can help incubators such as YBI continue to grow high value businesses in economically-challenged communities like Youngstown.”

Terry Martell, Director of Operations and Business Development for the Akron Global Business Accelerator expressed support for the legislation, adding that, “Between 1980 and 2005, 40 million jobs were created by firms five years old or less, while established firms produced no net new jobs. [Kaufmann Foundation] Start-up companies historically have a high attrition rate, with only five percent surviving after the first five years; however, fully 40 percent of incubated companies survive after five years – or an eight-fold increase over non-incubated companies. [National Business Incubation Association]”

The Business Incubator Promotion Act states that *“whether suffering from long-term distress or a sudden economic dislocation, distressed communities should be encouraged to support the formation of business incubators to promote innovation and entrepreneurship in economically distressed areas and to take other actions to support entrepreneurship, so as to help regions create higher-skill, higher-wage jobs and foster the participation of those regions in the global marketplace.”*

Additionally, the bill provides the first federal definition for business incubators, as *“an organization or entity established to foster the start-up of businesses or accelerate the growth of fledgling companies by providing entrepreneurs with resources and services to produce viable businesses that can help create jobs and restore vitality to distressed areas*

” and “

does not include an organization that is organized primarily as a for-profit venture.

”

#